

Message Text

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ACTION AID-59

INFO OCT-01 NEA-10 ADP-00 IGA-02 EB-11 COME-00 TRSE-00

OMB-01 IO-12 L-03 CIAE-00 DODE-00 INR-10 NSAE-00

PA-03 RSC-01 USIA-12 PRS-01 SS-15 NSC-10 RSR-01 SSO-00

NSCE-00 /152 W

----- 128138

O 061145 Z APR 73

FM AMEMBASSY DACCA

TO SECSTATE WASHDC IMMEDIATE 9301

LIMITED OFFICIAL USE DACCA 1502

E. O. 11652: ADS 4/10/73

TAGS: EAID, BG

SUBJECT: FY 1973 REHABILITATION GRANT

REF: STATE 051478

1. GRANT AGREEMENT AMENDMENT NO. TWO MAY BE SIGNED AT NOON, APRIL SEVEN (DACCA TIME). WILL CABLE PRECISE DATE AND HOUR AS SOON AS FIXED BY BD FOREIGN SECRETARY.

2. WE WILL ISSUE PRESS RELEASE LOCALLY AT TIME OF SIGNING UNLESS YOU ADVISE BY IMMEDIATE CABLE IF YOU HAVE ANY SUBSTANTIVE PROBLEMS WITH TEXT. IN VIEW PROBABLE WEEK-END TIMING, ASSUME AID/ W WILL NOT RELEASE UNTIL MONDAY.

3. TEXT PRESS RELEASE (UNESSENTIAL WORDS OMITTED):
" GOVERNMENTS OF PEOPLES REPUBLIC OF BANGLADESH AND UNITED STATES OF AMERICA TODAY CONCLUDED A BILATERAL AID AGREEMENT P9;8\$8, G 30 MILLION DOLLARS (ABOUT TAKA 225 MILLION EQUIVALENT) OF AMERICAN ASSISTANCE TO BANGLADESH FOR RELIEF AND REHABILITATION.
AT CEREMONEY M. SYEDUZZAMAN, SECRETARY, PLANNING COMMISSION AND DANIEL O. NEWBERRY, U. S. CHARGE D' AFFAIRS AD INTERIM, SIGNED THE AGREEMENT ON BEHLAF OF THEIR REPSECTIVE GOVERNMENTS.
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THE GRANT IS THE FIRST CINSTALLMENT OF LARGER AMOUNT RELIEF AND REHABILITATION GRANT FUNDS WHICH U. S. EXPECTS PROVIDE IN FISCAL YEAR 1972/73, AND IS IN FORM OF SECOND AMENDMENT TO ORIGINAL 90 MILLION DOLLAR BILATERAL AGREEMENT SIGNED IN DACCA ON MAY 30, 1972. THE FIRST AMENDMENT SIGNED ON JUNE 26 ADDED 25 MILLION DOLLARS TO INCREASE GRANT TO 115 MILLION DOLLARS. TODAY' S SIGNING BRINGS TOTAL UNDER BILATERAL AGREEMENT TO 145 MILLION DOLLARS.

" THE NEW AMENDMENT IS A FURTHER MANIFESTATION OF THE EMPHASIS PLACE BY PRESIDENT NIXON ON THE CONCERN OF THE UNITED STATES FOR THE WELFARE OF THE PEOPLE OF BANGLADESH. NEW GRANT IS PROVIDED ON SAME TERMS AS 115 MILLION DOLLARS PREVIOUSLY COMMITTED; GRANT REQUIRES NEITHER PAYMENT OF INTEREST NOR RE-PAYMENT OF PRINCIPAL, AND PLACES EMPHASIS ON SPEED AND FLEXIBILITY IN PROVIDING ASSISTANCE . GRANT FUNDS MAY BE USED FOR FINANCING LOCAL COSTS AS WELL AS FOREIGN EXCHANGE COSTS AND PROCUREMENT OF IMPORTED ITEMS FROM DEVELOPING COUNTRIES IN ADDITION TO THE U. S. IS ALLOWED. PRECISE ALLOCATION OF PROCEEDS OF GRANT IS TO BE DETERMINED IN RESPONSE TO GOVERNMENT OF BANGLADESH PRIORITIES. ACTIVITIES CHOSEN WILL EMPHASIZE FOOD, AGRICULTURAL PRODUCTION AND RURAL DEVELOPMENT. FOLLOWING ACTIVITIES ARE UNDER CONSIDERATION FOR FINAICING UNDER INITIAL FISCAL YEAR 1972-73 ASSISTANCE: PURCHASE OF FOODGRAINS, FERTILIZER/ HIGH YIELDING SEED/ PESTICIDES, AND RURAL REHABILITATCVN.

" AS OF MARCH 1973, 40 MILLION DOLLARS OF 115 MILLION DOLLAR GRANT HAVE BEEN DISBURSED. THE 75 MILLION DOLLAR BALANCE HAS BEEN FULLY COMMITTED IN SUPPORT OF BANGLADESH GOVERNMENT' S EFFORT TO RECONSTRUCT ECONOMY OF BANGLADESH." NEWBERRY

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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